

Austin Water Revenue Stability Reserve Fund

Purpose and Nature of Fund

The Austin Water Revenue Stability Reserve Fund (Water Reserve Fund) was created for the purpose of offsetting current year water service revenue shortfalls below budgeted revenue levels.

The target funding level for the Water Reserve Fund is 120 days of the budgeted water operating requirements of Austin Water Utility, which includes operations and maintenance and other operating transfers. In the event that any portion of the Water Reserve Fund is used, the balance will be replenished to the target levels within 5 years.

The goal is to reach the target funding level of 120 days of budgeted water operating requirements no later than 5 years. If the fund is drawn down prior to reaching the 120 day target during the first 5-year development period, the Water Reserve Fund surcharge shall not be lower than it was during the year in which the draw down occurred until such time as the fund reaches its 120 days of operating costs. If the fund is drawn down after reaching the 120 day target, the fund will be replenished within a 5-year period.

The Water Reserve Fund shall only be used to offset a current year water service revenue shortfall where actual water service revenue is less than the budgeted level by 10% or greater. The maximum use of the Water Reserve Fund in any fiscal year is 50% of the existing balance at the time of request for Council action.

When the target levels of the Water Reserve Fund are reached, any Water Reserve Fund surcharge shall be reduced to levels sufficient to only maintain the goal of 120 days of operating requirements as may be necessitated by changes in budgeted operating costs over time.

All interest earned by the Water Reserve Fund account shall remain in the Water Reserve Fund in order to offset funding and replenishment requirements and to minimize rate impacts for water customers.

Factors Affecting Revenue

Sources of funding for the Water Reserve Fund includes a Water Reserve Fund volumetric surcharge charged to all customer classes, operating reserves in excess of 60 days of operating requirements and any available net water service revenue after meeting all obligations of the Austin Water Utility. The FY 2015-16 Budget includes projected revenue from the Water Reserve Fund volumetric surcharge.

Factors Affecting Requirements

Requirements are costs related to offsetting a current year water service revenue shortfall where actual water service revenue is less than the budgeted level by 10% or greater. The maximum use of the Water Reserve Fund in any fiscal year is 50% of the existing balance at the time of request for Council action.

The FY 2015-16 Budget does not include a transfer out from the Austin Water Revenue Stability Reserve Fund.

	2012-13 Actual	2013-14 Actual	2014-15 Estimated	2014-15 Amended	2015-16 Proposed
Revenue	\$5,516,644	\$5,844,234	\$6,918,795	\$7,316,753	\$9,229,421
Requirements	\$0	\$0	\$0	\$0	\$0

Austin Water Utility Revenue Stability Reserve Fund

	2012-13 ACTUAL	2013-14 ACTUAL	2014-15 ESTIMATED	2014-15 AMENDED	2015-16 PROPOSED
BEGINNING BALANCE	0	5,516,644	11,360,878	11,358,524	18,279,673
REVENUE					
Interest	1,200	8,354	25,000	12,000	25,000
Total Revenue	1,200	8,354	25,000	12,000	25,000
TRANSFERS IN					
Austin Water Utility	5,515,444	5,835,880	6,893,795	7,304,753	9,204,421
Total Transfers In	5,515,444	5,835,880	6,893,795	7,304,753	9,204,421
TOTAL AVAILABLE FUNDS	5,516,644	5,844,234	6,918,795	7,316,753	9,229,421
TOTAL REQUIREMENTS	0	0	0	0	0
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	5,516,644	5,844,234	6,918,795	7,316,753	9,229,421
ADJUSTMENT TO GAAP	0	0	0	0	0
ENDING BALANCE	5,516,644	11,360,878	18,279,673	18,675,277	27,509,094

Note: Numbers may not add due to rounding.